

RUAPEHU ALPINE LIFTS LTD

ANNUAL REPORT
YEAR ENDED 30 APRIL 2016



AT RUAPEHU ALPINE LIFTS LIMITED (RAL) we've decided to take our commitment to information sharing to the next level, by creating an annual report that can be referred to as an "information tool". We hope to achieve this by using Triple Bottom Line reporting. This report will summarise our results under the following categories:

- People / Social
- Place / Environment
- Financial

WELCOME TO RUAPEHU ALPINE LIFTS' ANNUAL REPORT

Your Directors have the pleasure in presenting to the shareholders the Annual Report for the year ended 30th April 2016.

This report is dated 27 June 2016, and has been approved on behalf of the board of RAL:

Murray Gribben	Director	Monday 27 June 2016
Phil Royal	Director	Monday 27 June 2016

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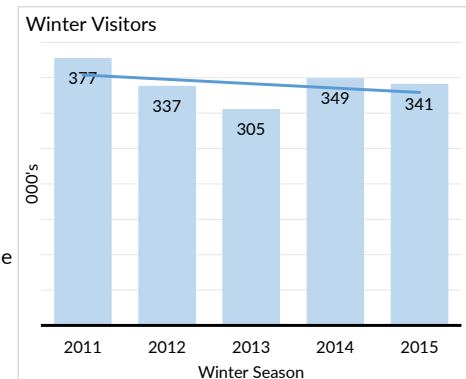
PEOPLE HIGHLIGHTS



VISITORS

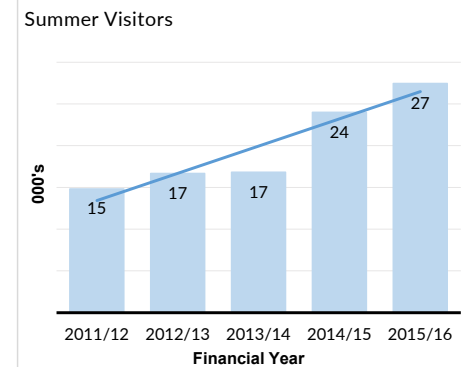
MT RUAPEHU WINTER VISITORS

The number of winter visitors to Mt Ruapehu continues to trend downwards. When analysing the reasoning for this there is not one factor contributing to the decline. We believe the main reasons that have had a significant impact are as follows:



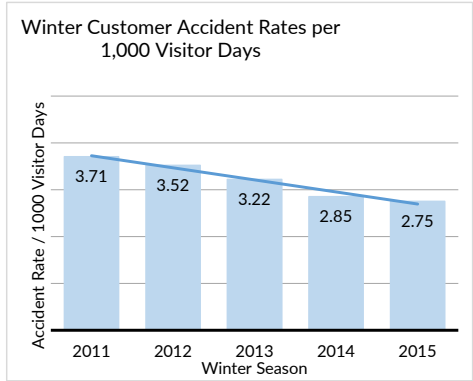
- Limited upgrading of facilities due to the restricted tenure of the company as a result of the Department of Conservation (DOC) licence renewal processes. At the end of 2015 we renewed our Whakapapa licence and in 2016 we believe we will see increased numbers at Whakapapa as a result of the new lift replacing both the Centennial and Rockgarden lifts.
- Reduced customer satisfaction and quality of service. In recent years an area of focus has been maintaining and reducing costs, as well as focusing on our offering within our commercial business units. In the winter of 2015 our average customer satisfaction score was 47. This is measured using the Net Promoter Score (NPS), a rating out of 100, measuring whether or not customers would recommend our products and services. Although this is higher than the average over the last 5 years (NPS of 39 from '09-'13) there is still significant room for improvement.

WHAKAPAPA SUMMER VISITORS



The Summer Magic business ran from November 2015 to April 2016 with 121 days open across this period (112 in 2014/15). This resulted in visitor numbers increasing from 2014/15 by 3,500 (15%) and net operating contribution by \$70,000 (30%). The most recent summer season continued to be successful for RAL, but more importantly the summer operation has significant growth potential.

CUSTOMER SAFETY



We operate in a high risk environment, but customer accident rates at both Whakapapa and Turoa continue to trend downwards. We want our customers to enjoy their experience on Mt Ruapehu but most of all we want them to go home having had a safe day. Our ski patrol teams continue to improve the safety of a visit through analysis of key information which is recorded on all accidents. This analysis is an effective tool which enables us to achieve continuous improvement in the safety of these ski areas.

STAFF

PEAK NUMBERS

2015/16 625 45% RETURN, 11% FULL YEAR
2014/15 693 43% RETURN, 10% FULL YEAR

From 2016 all of our employees will have the opportunity to gain a level three National Certificate in Alpine Resort Operations as part of a new training program that we've implemented for this coming winter. The program includes a tailored approach to both customer service and the significance of the environments within which we operate. In addition to this, the effectiveness of departmental training will be assessed through an online platform, allowing RAL to gain improved oversight of employee competency relevant to their position. This investment in our employees will enhance both the customer experience as well as positively support our employee engagement and retention. We recognise the need for training our current staff as well as those who will be coming to us in future years.

STAFF ENGAGEMENT - RAL SAFETY CULTURE

2015/16 25
2014/15 23

In 2014 we commenced monitoring the engagement of our staff with the RAL Safety Culture. This monitoring used the logic of the NPS and asked staff whether they felt there was a commitment to their safety and wellbeing whilst at work. For 2015/16 there was a small increase in this score and we will continue to monitor safety culture in this way. By regularly surveying staff we can look for trends in the staff's perception of the RAL safety culture. There are a number of supporting tactics in use that will assist in reducing the incidence of staff accidents, e.g. digital cloud based accident, incident and hazard reporting, active safety committees and regular internal and external audit processes. Our staff are our most important asset and improving their safety is a key focus.

SAFETY ACCREDITATION



TELARC AS/NZS 4801

During the winter of 2015 we engaged TELARC to undertake an independent external safety system audit over our entire operation; from food and beverage, to grooming, snow making and everything in between. The principle aim was to make these ski areas a safer place for customers and staff, with a secondary aim of providing directors, management, employees and other stakeholders confidence that RAL delivers at or above industry best practices when it comes to Health and Safety systems. RAL successfully became accredited to the AS/NZS 4801 standard. We will continue to maintain this accreditation into the future.



PLACE HIGHLIGHTS

DOC LICENSE RENEWALS

To undertake certain activities on land administered by DOC, a licence, permit or concession is required. Activities which require permits, licences or concessions include hunting, fishing and commercial activities.

Whakapapa and Turoa Ski Areas are located within Tongariro National Park and are operated under separate licenses issued by DOC pursuant to Section 49 of the National Parks Act 1980.

WHAKAPAPA

In December 2015 RAL was granted renewal of the licence to operate the Whakapapa Ski Field with an initial term of 30 years and six 5 year extensions. The structure of the licence term was a significant achievement in that, assuming we meet an agreed set of performance measures, which will provide the 5 year extensions, there will continue to be a minimum 25 years of surety of tenure ahead that is essential if we are to implement the ongoing investment in major infrastructure required to operate the ski field to the high standards expected by today's customers.

RELATIONSHIP AGREEMENT

A key element of the new Whakapapa licence is the introduction of a formal governance arrangement between RAL and Ngati Tuwharetoa. This will ensure that the ongoing necessary and appropriate respect for the cultural, environmental and community values associated with the maunga (mountain) are applied to all aspects of our operations at Whakapapa.

ENVIRONMENTAL AUDIT

ENVIROMARK AUDIT AND STATUS



During 2015 we identified the need for a specific external measure of our environmental risk management systems. To do this we became members of Enviro-Mark and were audited to, and achieved, the Bronze Level Enviro-Mark Award in November 2015. We will continue to seek this external environmental accreditation into the future in conjunction with the above safety standards.

TUROA

The Turoa licence is due to expire at the end of 2022. Our application for renewal of this licence was submitted to DOC in December 2015 for comment. We continue to progress consultation with DOC and key Iwi groups before this application will go through a public process. We are hopeful that this renewal will be resolved during 2016.

RUAPEHU GREEN



Ruapehu Green was an initiative we commenced in 2015 to reduce our environmental footprint on Mt Ruapehu. We have introduced a number of measures to ensure a cleaner, greener and more sustainable operation. We will continue to maintain and expand these processes, working with the DOC and local Iwi to ensure that the long term impact of snow-sports' activities on the mountain are **eliminated, mitigated** and **minimised** wherever possible.

An example of **eliminating** the risk to the environment has been with the protective coatings applied to lift towers. Traditionally the dark colour required for lift towers could only be achieved through use of a paint, which on a 5 year cycle had to be scraped or sanded clean and a new coat applied, at times using a somewhat toxic paint product. The scraping or sanding process meant that some residual paint was blown or left in the landscape. Since 2007 all towers for new lifts are coated with a dark coloured zinc spray which, to date, has not required any re-coating

An example of **mitigating** risk is with our diesel tanks. The 2013 diesel spill was an event that was detrimental to the environment and shouldn't have happened. Subsequent to this event we have accelerated a tank replacement program that has resulted in total volume of diesel stored at each ski field being reduced from 120,000 litres ten years ago to 60,000 litres in 2015, with the number of large storage tanks also being halved.

An example of **minimising** risk is with our refuse management program. This has two elements with the first being to continually review the packaging and products the company uses in our operation. Secondly, to have a structured program at both ski fields which, during summer, involves all terrain within the boundaries and the valleys below being "emu" paraded by staff and community groups and all rubbish left after the snow melts being removed. During the summer of 2014/15 we removed 24 cubic meters of rubbish from both ski fields and the valleys below. The 2015/16 refuse program covered much the same terrain and 10 cubic metres of rubbish was removed; a 58% reduction. This reduction was partly due to the effectiveness of the prior year's "emu" parade and partly to the change in packaging and products used.

FACILITY UPGRADES

NEW EXPRESS QUAD CHAIRLIFT

During the summer of 2015/16 we have been replacing the Centennial and Rockgarden chair lifts with one express quad chairlift. This lift is a strong example of investment that will provide a high quality of experience to all customers, including a more comfortable ride with padded seats and foot rests, an easier load and unload as the chairs slow down in the terminals, a faster trip time at 2.5 minutes rather than over 7 minutes, a higher capacity than the previous two lifts combined resulting in smaller, if any, queues. The location of the top station will make it easier to move on to the Waterfall Express or to journey back down the Rockgarden trails. As a quad detachable chairlift this lift will be less affected by wind (the chairs are heavier) and ice build-up (the chairs are all parked in a shed at night) offering a higher number of operating hours and days in each season. We look forward to being able to report on the benefits that are achieved with this lift.

QUAD CHAIRLIFT TO REPLACE WATERFALL T-BAR

We have purchased a used fixed grip quad chairlift which will replace the Waterfall T Bar and run on the same line. We are currently lodging applications for the necessary consents and approvals with installation expected to occur over the summer of 2016/17.



PLACE CONT... COMMUNITY

The support of our community is pivotal to the existence of RAL. We are a not for profit, public benefit entity where all profits are reinvested into the mountain. We have a commercial operation in a part of New Zealand that has cultural, spiritual and historical significance. We believe that to be a successful operator we need to support our surrounding communities. Examples of this support include:



SPONSORSHIP

Sponsorship – we are regular sponsors of community projects through cash contributions or product offerings. In 2015/16 we sponsored projects and gave away product to the value of \$32k (\$35k 2014/15).

MT RUAPEHU WHANAU CADETSHIP PROGRAMME

2015/16	17 CADETS, 71% GRADUATES
2014/15	20 CADETS, 70% GRADUATES

The winter of 2014 was the first year of the Mt Ruapehu Whanau Cadetship Programme. This programme was created with the aim of connecting local workers with local jobs. The programme is potentially a three-year program for successful applicants where, in year one, they come out with a Level Three National Certificate in Alpine Resort Operations as well as an additional Unit Standards in Employment Skills. In year two, graduates can apply to join the accelerator programme, which provides individualised coaching and support to become a skilled attendant in one of the departments to which they were exposed in year one. On the completion of their second year they will come out with a Level Three National Certificate in their chosen field. Year two graduates are then eligible to begin year three which may include an apprenticeship with a Level Four National Certificate. RAL envisages this may be an apprenticeship gained internally, or with another local employer. Of our 2015/16 graduates we've had a 40% uptake in the accelerator program and 60% are in full time employment or are furthering their studies with tertiary education.

IWI YOUTH PROGRAMS AND SCHOOL GROUPS

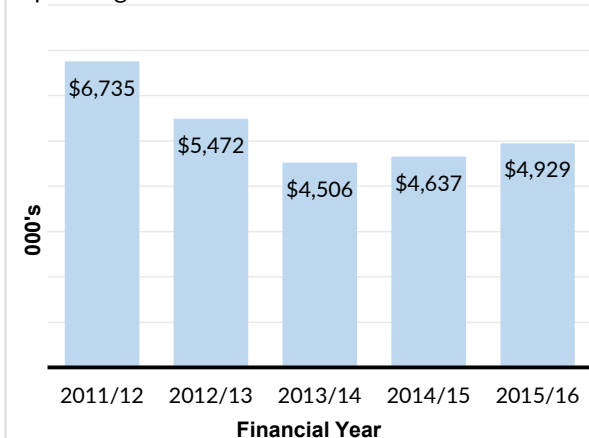
There are a number of iwi youth groups and schools, in and outside of the Ruapehu region, which spend time on Mt Ruapehu as part of their curriculum. To encourage the learning of snow sports to youth we offer lift tickets, rentals and lessons at a discounted rate. Revenue generated from schools and groups for 2015/16 amounted to \$559k (2014/15 \$633k). We are finding a number of youth that are coming through these programs are choosing to work with us over their weekends and school holidays. This is positive for us and is helping towards our goal of connecting local workers with local jobs.



FINANCIAL HIGHLIGHTS

IMPROVED OPERATING EBITDA

Operating EBITDA

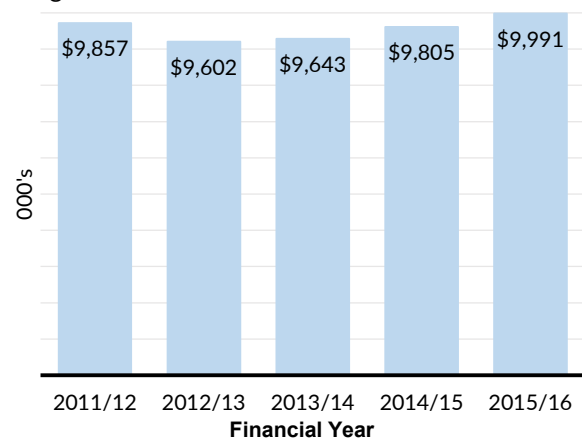


Operating EBITDA is a financial measure that is key to RAL (refer note 17 in the financial statements). It is the result of our normal operations i.e. running the Whakapapa and Turoa Ski fields.

The 2015/16 result is a \$290k (6%) improvement on 2014/15. Further significant improvement in this key financial measure, to a consistent annual result in excess of \$7 million, is necessary if RAL is to have ongoing financial capacity necessary to maintain a program of asset upgrade and replacement. This is an outcome that will be achieved from growing patronage and revenue whilst containing costs.

CONSISTENT EMPLOYEE COSTS

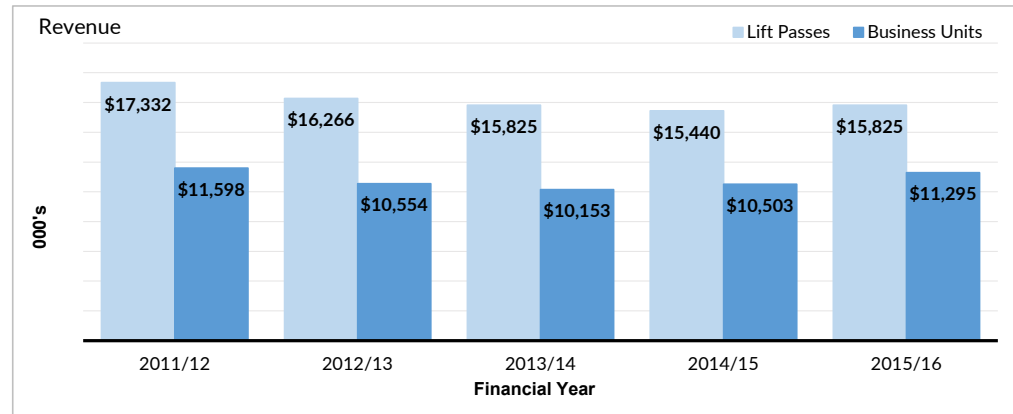
Wages & Salaries



Expenditure on wages and salaries has remained relatively flat over the last 5 years even with a labour cost index (LCI) increase at 2.0% - 2.5% each year during this period.

Ongoing effort towards achieving efficiencies within all of our activities is essential if we are to achieve the necessary overall financial result. We regularly review the structure of the departments at RAL to ensure they are most effective for the current business need. In March 2016 we restructured at a leadership level to ensure the appropriate accountabilities were in place and to bring the focus back to the Whakapapa and Turoa offerings.

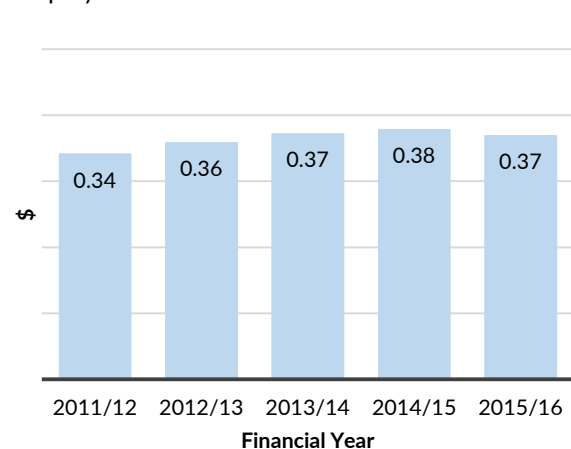
INCREASING REVENUE



Our focus for 2015 winter was growing revenue from our business units of Food and Beverage, Rental, Retail and Snow Sports, which resulted in an 8% revenue increase from fewer visitor days.

CONSISTENT EMPLOYEE COSTS TO REVENUE

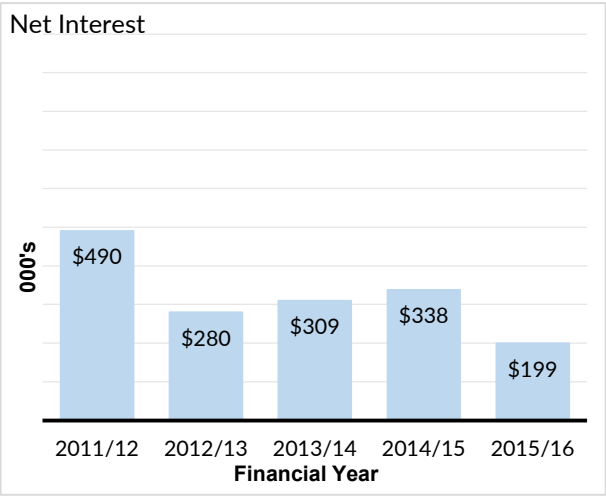
Employee Costs to Revenue



Consistently over the last 5 years, for every \$1 of revenue generated on Mt Ruapehu, between \$0.30 to \$0.40 is paid in wages to our staff.

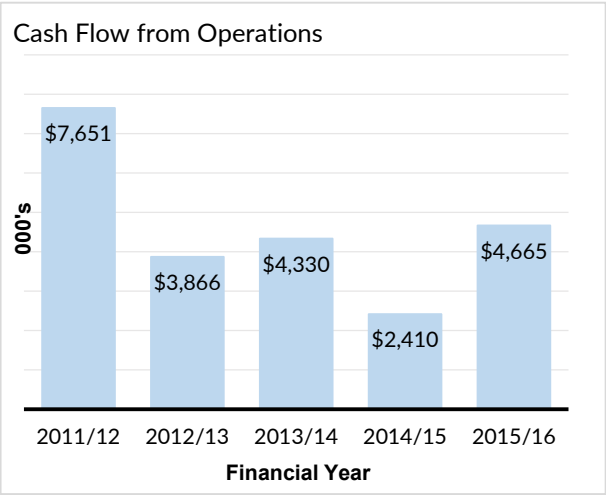
Due to the remoteness of our location the majority of this wage and salary expenditure for RAL is spent in the local region and community (i.e. the Ruapehu and Taupo districts). Such spend contributes to the commercial success of other operators in the region.

NET INTEREST FROM REDUCED DEBT



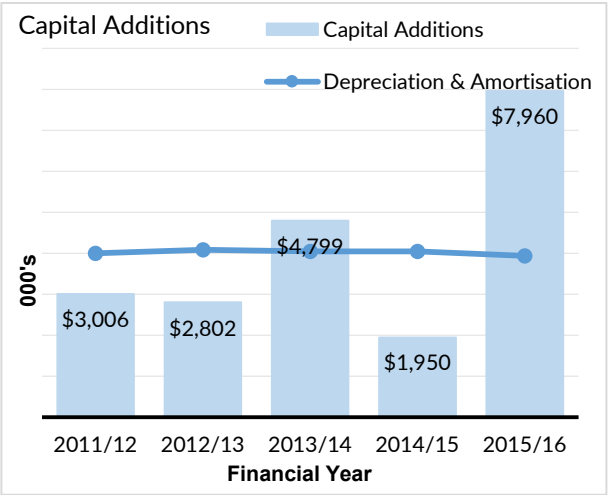
Net Interest is the interest paid (finance cost) on our long term loan and flexi facility, less interest received from money in the bank. Over the past 5 years we have been making regular reductions in our long term facility of approximately \$750k per year.

IMPROVED CASHFLOW FROM OPERATIONS



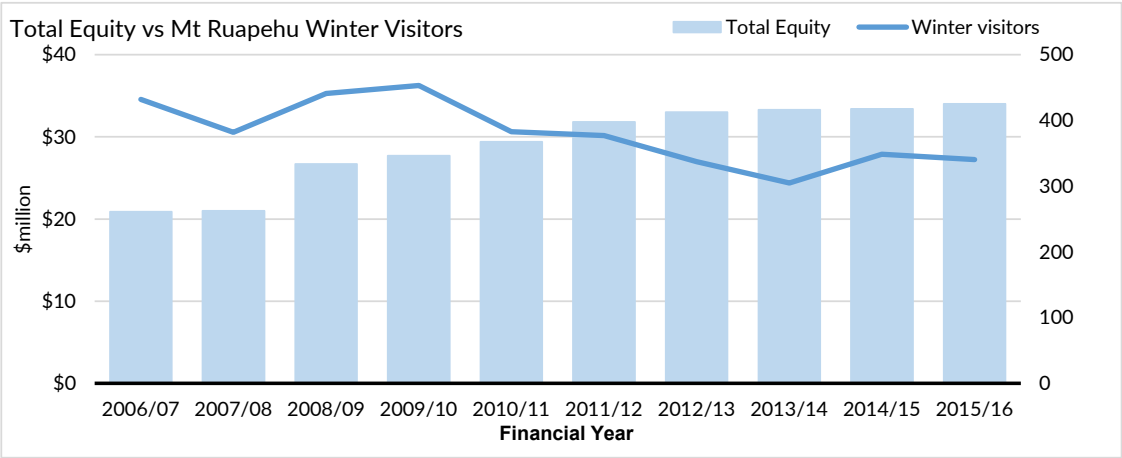
Cash Flows from operations (less interest) is the measure of cash generated from our normal business operations (i.e. running the Whakapapa and Turoa Ski fields). We've had a significant increase in our cash flow from operations since 2014/15 which has enabled us to fund a substantial portion of our Capital Investment program for the 2016 winter.

INCREASED CAPITAL ADDITIONS



Capital Additions have been less than our annual depreciation expense during 3 of the last 5 years, due to necessary restrictions on investment until licence renewal was achieved. This year's increase is due to the investments occurring at Whakapapa, with installation of the new lift to replace the Centennial and Rock Garden chairlifts and the commitment to replace the Waterfall T Bar with a quad chairlift for the 2017 winter.

IMPROVED TOTAL EQUITY



An area of success and year on year improvement is in our total equity position. Even with the declining winter visitors' total equity continues to increase. Total equity can be viewed as the net value of the company and this graph illustrates that this value continues to increase.

CHAIRMAN'S REVIEW

IT IS MY PLEASURE ON BEHALF OF THE BOARD AND MANAGEMENT TO REPORT ON THE ACTIVITIES OF RAL FOR THE YEAR ENDING 30TH APRIL 2016 AND ALSO TO COMMENT ON A NUMBER OF OTHER ISSUES THAT MAY BE OF INTEREST TO OUR SHAREHOLDERS AND WIDER STAKEHOLDERS.

WINTER 2015

Both learner facilities opened as scheduled on Saturday 27th June 2015 with upper mountain facilities being operational from 11th July. We had excellent snow cover throughout the season and some great spring skiing. Out of a possible 122 days Whakapapa was open for 105 and Turoa was open for 104. Total skier days for the season was 162,800 for Whakapapa and 177,750 for Turoa. Our peak day for the season was on Saturday 22nd August for both ski areas with 5,250 at Whakapapa and 5,840 at Turoa.

When averaging our skier days across the open days we had an average of 1,580 at Whakapapa and 1,710 at Turoa. This is significantly different to the visitors we had on our peak days, illustrating the opportunity in the mid-week market. Considering the good snow conditions during the winter of 2015 it is disappointing to have skier days that have continued to trend downwards. We do acknowledge this and continue to explore ways to increase our mid-week business and therefore increase the overall number of skier days.

SUMMER 2015/16

The 2015/16 Summer Magic operation at Whakapapa continues to be a success story for RAL with further growth opportunities available. Out of a possible 169 days, from November 2015 to April 2016, we were open for 121. During this period we offered guided trips to the crater lake on 67 days. These customers were hosted and guided by local Ngati Hikairo cultural guides along with our own Safety & Mountaineering guides and got to venture through rugged volcanic terrain learning about the geological and cultural significance of Mt Ruapehu, the Tongariro National Park and New Zealand's first Dual World Heritage Site. In total over this summer 27,460 visitors rode our chairlifts (23,990 in 2014/15). The increased visitor numbers and improved customer offering at our commercial outlets (our cafes and retail store) contributed to the success of Summer Magic which delivered a net operating contribution of \$322k (up on \$252k in 2014/15).

DOC LICENCE RENEWALS

As you are aware, in December 2015 RAL was granted the renewal of the licence to operate the Whakapapa Ski Field with an initial term of 30 years and six 5 year extensions. A key element of this licence is the introduction of a formal governance agreement between RAL and Ngati Tuwharetoa.

The Turoa licence is due to expire at the end of 2022. Our application for renewal was submitted to DOC in December 2015 for comment and we continue to progress consultation with DOC and key Iwi groups.

FINANCIAL RESULTS

The Surplus from Operations of \$763k is an improvement on the \$244k achieved in 2014/15, especially when considering we have been unable to make major commitments to upgrading any facilities until we have certainty over our tenure from the renewal of the ski area licences. This increased surplus was a result of the increased revenue from higher yielding day pass customers, and the improved offering in our commercial outlets. Unfortunately, due to our aging assets, the maintenance expenses for the year were well ahead of budget, due mainly to the breakages occurring at both the Movenpick and Rockgarden chairlifts and also breakdown and maintenance costs of our bus fleet.

The renewal of our Whakapapa licence allowed an immediate start to long term capital improvements at Whakapapa. This resulted in a significant number of forward exchange contracts being in place for the new lift being built at Whakapapa, the purchase of two new groomers and new snow guns at the end of the financial year (further disclosure on capital commitments has been provided in note 12 to the financial statements). Accounting standards require us to perform a fair value assessment at the end of the financial year, where we reassess the value of these contracts using the exchange rate as at 30th April. The 2016 impact of this assessment has resulted in a loss of \$236k which has reduced our Total Comprehensive Surplus for the year to \$535,153.

Minimal capital investment occurred for the winter of 2015, due to the restricted tenure with the then licences. At a minimum, we would normally expect to reinvest the value of depreciation back into on mountain facilities. This reduced investment, combined with the increased operating result, resulted in the balance sheet having \$2.4m of cash and cash equivalents at the end of April 2016 (refer page 25). This increased cash position has enabled us to internally fund a significant portion of the investment for winter 2016, only increasing our long term loan to \$5.6m which was fully drawn down at the end of May (\$4.2m per Statement of Financial Position at end of April, page 25).

Directors and management continue to review the commercial model to address the current small annual overall surpluses. This effort is being complemented by an ongoing review to achieve reductions of our fixed costs, which continue to increase a rate well in excess of inflation. RAL has a significant number of additional costs specific to running a commercial operation in a Dual World Heritage National Park on an active volcano. Such costs include high volcanic insurance premiums, contributions to Eruption Detection and Sewage Systems, recycling and rubbish disposal, and the costs of consent and approval processes for any capital works. For RAL to be financially sustainable it is critical we change the current commercial model.

CHAIRMANS'S REVIEW CONT...

The board realises that the current operating model is not sustainable if the company is to **achieve a strategic objective of reinventing the business with new infrastructure and turning the 'unique place' into a destination for both domestic tourists, and more importantly, international visitors.**

In order to do that the business needs to be transformed into one that utilises its assets for 12 months of the year. **A key strategic objective is to de-risk the revenue stream through attracting and driving increased business through the summer months.** There is considerable opportunity for this given our existing infrastructure and the development plans that are in place.

SAFETY AND ENVIRONMENTAL MATTERS

Turoa diesel spill

As reported to Shareholders in the Annual Report over the last two years a serious diesel spill at Turoa in September 2013 contaminated the Makotuku Stream and the Raetihi water supply. In last year's Financial Statements the projected insurance proceeds and costs were disclosed in the Statement of Comprehensive Income.

Costs disclosed in the 2016 financial year relate to having soil, that was contaminated from the spill, removed from the mountain for ongoing de-contamination. Eventually this soil will be placed back on the mountain or on a site at the base of the mountain.

Since the spill we have fully reviewed all handling, storage and use of hazardous substances. We have invested in an accelerated storage tank replacement program and introduced more robust procedures. The objective is to have zero volume of hazardous substances mistakenly discharged to ground.

Environmental and Safety audits

During 2015 we engaged with TELARC and became fully accredited to the AS/NZS 4801 standard (refer page 5). At the same time as engaging TELARC we became members of Enviro-Mark and were audited to, and achieved, the Bronze Level Enviro-Mark Award in November 2015 (refer page 6).

2016 so far has been busy with the new HSW Act 2015 coming into force and the management of several large projects, such as the replacement of the Centennial and Rockgarden lifts. RAL is well placed to work within the requirements of the new legislation. We will continue to be audited during each year and will maintain the TELARC and Enviro-Mark certifications.

REINVESTMENT

Replacing Centennial and Rock Garden Chairlifts

At the time of writing this review we are in the final stages of installation of our new quad Express Chairlift that is replacing the Centennial and Rockgarden double chairlifts. This has been installed by Leitner-Poma and will be the first Leitner-Poma chairlift on Mt Ruapehu. The below picture (taken on the morning of Saturday 26th June) shows some chairs already on the line and the progress made with the chair storage building. We are looking forward to seeing this lift operational and the increased skier days resulting from the enhanced customer experience (refer page 7).



Quad Chairlift to replace Waterfall T-bar

We also purchased a second hand fixed grip quad chairlift from Snow Park in the Southern Lakes. We are currently lodging applications for the necessary consents and approvals with the installation expected to occur over the summer of 2016/17.

Turoa toilets

On the renewal of the Turoa licence our priority will be to replace the Giant Café. The need for increased public shelter and facilities at Turoa, especially on the upper mountain, is crucial. Given that the replacement of the Giant café is possibly still three years away, we have installed a block of toilets adjacent to the Snowflake café which will be operational for the 2016 winter.

DAVE MAZEY'S RESIGNATION AND NEW RAL CEO

In May 2016 Dave Mazey announced his resignation after 30 years with RAL. Dave has led RAL through some of the most exciting, dynamic and challenging years. Dave started with RAL in 1986 and he has had a pivotal role in the success and commercial viability of the company (as is evident by the milestones outlined in RAL's history on page 20 and 21). During his tenure he has successfully led the company through substantial investment in commercial opportunities such as the Happy Valley and Turoa purchase, upgrading replacing and building new lift facilities and having a regular replacement program for the grooming fleet and snowmaking systems which have enhanced the product for customers. He has also effectively managed the company through multiple volcanic eruptions, an arson attack, a significant diesel spill at Turoa and the renewal process of the DOC licences. He has managed to do all of this whilst understanding and respecting the place in which we do business and the cultural, spiritual and historical significance that it holds.

Dave has agreed to continue in his current role as CEO until a suitable replacement is appointed. We have appointed a search agency to assist the Board with the recruitment process.

Following the appointment of a new CEO Dave will continue to be engaged with RAL as a consultant. His focus will be on completing some significant infrastructure projects in the short to medium term and managing the license renewal process for Turoa. This will allow us to tap into the wealth of knowledge and expertise he offers in managing the purchasing and installation of key mountain infrastructure and his very strong relationships with local iwi.

We would like to thank Dave for his contribution to RAL over the last 30 years. He will continue to add value to RAL and the Ruapehu region through his consultancy work and no doubt we will continue to see Dave and his family skiing Mt Ruapehu.

BOARD AND COMPANY SECRETARY

Kerry McDonald resigned from the Board following four years of service. We thank Kerry for his support and contribution over this term.

The Board appointed Michelle Trapski to the vacant Director position in February 2016. Michelle's background and experience is outlined in the Director's Biographies on Page 16.

In February 2016 we engaged Debbie Birch as an advisor to the board. Debbie's background and experience is outlined in the Board Profiles on page 16.

Dan Williams retired from the Company Secretary role in late 2015 after over 35 years of service. We would like to thank Dan for his significant contribution to RAL over his tenure.

Jessie Watling has been appointed Company Secretary following Dan's retirement in February 2016. Jessie will combine the role of Company Secretary with her current role of Finance Manager.

SHAREHOLDER COMMUNICATIONS

Feedback from shareholders attending the 2015 Annual General Meeting was that communication was not timely and that the traditional 5 month delay from end of the financial year to the AGM date meant the content of the Annual Report was somewhat dated.

Since the 2015 AGM I have sent out a number of Chairman Updates with relevant information pertaining to the company and our activities. We have also brought our AGM forward to July with the objective that content of the Annual Report and discussion at the AGM will be relevant and of greater interest to participants.

In addition to the regular updates and earlier AGM we have reviewed and revamped the content of our Annual Report. This year's report has been prepared using Triple Bottom Line reporting, which focuses on highlighting RAL's results specific to the following categories:

- 1) People - our customers and staff
- 2) Place - our licences to operate, environmental impacts, measures and assessment, and our community involvement and contribution
- 3) Financial Outcomes - the results from our last Financial Year.

I hope you have enjoyed reading our revised Annual Report as much as we have enjoyed creating it.

ACKNOWLEDGEMENTS

We would like to thank all of our customers, shareholders and our stakeholders for their committed support over the past year. These recent years have been a mixture of complex, trying but rewarding times and we are looking forward to seeing what is in store for the winter of 2016 and the years beyond.

Finally, we wish to acknowledge the contribution of our fellow Directors and staff, thank you.

Murray Gribben
Ruapehu Alpine Lifts Limited
Chairman



MEET OUR BOARD

DUNCAN FRASER DIRECTOR

BE(HONS), FIPENZ

Duncan joined the Board as a Director in October 2006 and was Chairman from October 2012 to September 2014. Duncan has had an association with skiing at Mt Ruapehu since childhood and is a past President of Skyline Ski Club. His professional background is in mechanical engineering and project management. He is currently Managing Director of Acme Engineering Ltd, a long established heavy engineering business based in Wellington.

PHIL ROYAL DIRECTOR

MBA

Phil joined the Board as a Director in June 2006. Phil is a Partner at PwC. He has held Directorships and CEO roles with service based organisations such as Virtual Spectator, Summerset Retirement Villages, Bearing Point and CGNZ. He has had significant experience around service orientated businesses and has managed a number of large Global and Government Reform projects across the UK, Australia and New Zealand. He is also current Chairman of the Audit Committee and on the Board of PwC New Zealand. Phil and his family have had a long association with the mountain.

GEOFF TAYLOR DIRECTOR

BMS, CTP

Geoff joined the Board in July 2015. He is a Director and Manager of Dairy Investment Fund Limited and TDB Advisory Limited. Dairy Investment Fund Limited is a specialised private equity vehicle in the dairy sector and has a range of investments in the Dairy Sector. TDB is a NZ corporate finance and economics advisory business involved in funds management, treasury, economic analysis and public policy. Geoff is a Director of a number of dairy related businesses and a trustee of NZ Fire Service Superannuation Fund. Geoff began skiing on the rope tows of Whakapapa, was a member of Christiania Ski Club and is now a regular visitor to Ruapehu from his home base of Wellington.

KEVIN STANLEY DIRECTOR

Kevin was appointed to the Board of Ruapehu Alpine Lifts Ltd in March 2008. He has been skiing on Mt Ruapehu most of his life and is an honorary life member of the Matamata Ski Club. Kevin is Managing Director of Stanley Group, a Matamata and Auckland based commercial construction company. Kevin is a Chartered Director and Deputy Chairman of BRANZ (Building Research Association of New Zealand). He has previously been Chairman of NZ Master Builders Federation and Master Build Services Ltd.



MURRAY GRIBBEN CHAIRMAN

BA (HONS) ECON, MBA, FINSTD

Murray joined the Board as a Director in May 2010. His career started in the military before he moved into the finance sector where his professional career has been in investment banking and investment management. He is currently Chief Executive of Crown Irrigation Investments Ltd, a fund established to invest in regional scale irrigation infrastructure. He has held a variety of senior roles within the finance sector both in New Zealand and overseas including Managing Director of AMP Capital Investors. Previously held governance positions include Deputy Chairman of NZ Post Ltd and Directorships of Kiwibank Ltd, CS Ltd, Donaghys Ltd and Summerset Group Holdings Ltd. He is currently Chair of the NZ Venture Investment Fund and an advisory trustee of National Army Museum, Waiouru. Murray has had a long association with Mt Ruapehu and has been skiing on the mountain most of his life.

DEBBIE BIRCH ADVISOR

BSC

Debbie joined the Board as an advisor in February 2016. Debbie is GM, Investments at Te Tumu Paeroa (The New Māori Trustee) and is responsible for managing the organisation's assets which include dairy farms, investments in the honey and kiwifruit sectors, investments in vocational training as well as listed equities and bonds. She has over 30 years' experience in financial markets including managing global investment portfolios in NZ, Asia and Australia. Most recently she's brought this experience into play around Te Tumu Paeroa's strategy to optimise Māori land and assets including investment across the primary sector. She is also a Director of a number of dairy farming businesses, a Director of Ngati Awa Group Holdings Ltd, Crown Irrigation Investments Ltd, Farm:Skills Ltd, Manuka Research Partnership Ltd, Manuka Farming (NZ) Ltd, a Trustee of Wellington Free Ambulance and a member of the MfE Audit & Risk Committee. Her Iwi affiliations are with Ngati Tuwharetoa, Ngati Apa, Ngati Hauiti and Ngati Rangī and she is also a member of the Climate Change Iwi Leaders Group.

MICHELLE TRAPSKI DIRECTOR

BMS

Michelle joined the Board in February 2016. She has extensive experience in the tourism and snow sports' industries. She has over 25 years' experience in strategy, marketing and management and was the CEO of AJ Hackett Bungy for 9 years and CEO of Active Adventure Guided Torus for 2 years. Michelle is currently a Director of Snow Sports NZ and Glenorchy Marketplace Project / Pounamu Holdings 2014 Ltd. Michelle has had a long association with Mt Ruapehu and has been skiing on the mountain most of her life.

MEET OUR SENIOR MANAGERS

CHRIS THRUPP GENERAL MANAGER – TUROA

NZCE

Chris was appointed to the senior management team at the time RAL purchased Turoa. His new title of General Manager - Turoa was conferred in March 2016 for which he oversees the operational and commercial functions for the Turoa Skifield. From May 2013 - Feb 2016 he was General Manager of Mt Ruapehu Operations and prior to that Ski Area Manager-Turoa. Before joining RAL he progressed through various operational and management roles at Turoa over an 11 year period.

STEVE MCGILL GENERAL MANAGER – WHAKAPAPA

Steve McGill was appointed to this position in March 2016. Here he oversees the operational and commercial functions for the Whakapapa Skifield. Prior to this he worked at Whakapapa over 25 years progressing through various operational, engineering and management roles.

DAVE MAZEY CHIEF EXECUTIVE OFFICER

DIP PARKS & REC, ONZM

Dave has been in the position of General Manager since 1986, with the title of CEO being adopted in May 2013. Prior to 1986 he held various management positions with DOC and has held Member/Chairman roles in a number of Industry Associations over the past 20 years.



ANDY HOYLE SAFETY & ENVIRONMENTAL RISK MANAGER

BSC GEOLOGY, NZIM DIP FLM.

Andy was appointed to this position in February 2014. Prior to this he worked at Whakapapa for 10 years as the Safety Services Manager after 3 seasons of work as a ski patroller there. Andy has also spent time in Canada as a ski patroller and ski guide and in Mt Cook for the DOC Alpine Cliff Rescue Team.

ANNA MCLAREN MARKETING MANAGER

BCM

Anna was appointed to this position in June 2016. Anna has come from a branding, communications and destination marketing background and has most recently worked at the Govett-Brewster Art Gallery / Len Lye Centre in New Plymouth as the Manager of Communications and Experience.

JESSIE WATLING FINANCE MANAGER & COMPANY SECRETARY

BMS (HONS), CA QUALIFIED NZICA

Jessie was appointed to the Finance Manager position in November 2013. In February 2016 she combined the role of Company Secretary with her current role of Finance Manager. Jessie has come from a financial auditing background and has most recently worked with PWC in Hamilton.

RACHEL DE HAAS HUMAN RESOURCES MANAGER

BA

Rachel was appointed to this position in June 2012. Rachel comes from a background of Organisational Development and has most recently worked with the NZ Fire Service and the Ministry of Justice.

CORPORATE GOVERNANCE

THE FINANCIAL MARKETS AUTHORITY (FMA) CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES ARE USED TO MEASURE RAL AND PROVIDE AN OVERVIEW OF OUR CORPORATE GOVERNANCE.

THE BOARD'S ROLE

The Board is responsible for providing RAL with direction, leadership, enterprise, integrity and judgement to ensure the ongoing sustainability of the company and to act in the best interests of the Company in a transparent, accountable and responsible manner.

CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES ETHICAL STANDARDS

The Board must adhere to high standards of ethical and corporate behaviour, acting in accordance with commonly accepted good business practice and professional ethics.

BOARD COMPOSITION AND PERFORMANCE

The Board consists of 6 Directors – all appointed by the Board and approved by our Shareholders at the Annual meeting.

Board appointments should provide proficient Directors who add value, and have independent judgement.

BOARD COMMITTEES

The board has established three standing Subcommittees:

- 1) The Audit and Risk Committee, consists of all board members and is chaired by Phil Royal. The purpose is to assist the Board to fulfill its responsibilities in relation to accounting and reporting, external audit, legal and regulatory compliance, and general risk management.
- 2) The Remuneration Committee, consists of two board members and is chaired by Duncan Fraser. The purpose is to annually review remuneration packages of the CEO and management and make recommendations to the Board.
- 3) The Health and Safety Committee, consists of all board members and is chaired by Kevin Stanley. The purpose is to assist the Board to fulfill its responsibilities in relation to HSW-related matters arising out of the activities of RALs business operations

REPORTING AND DISCLOSURE

The Board is required to meet formally monthly 10 times per year. The board meeting agenda includes, but is not limited to, information pertaining to the company such as CEO updates, departmental reports, capital expenditure proposals issues, and opportunities facing the company, and important non-discretionary matters.

REMUNERATION

Board remuneration will be reviewed with the Trustees and is subject to Shareholder approval. Once approved by Shareholders, the Board may allocate the remuneration between its Members as it sees fit.

RISK MANAGEMENT

The Board is required to understand and identify key risk areas and key performance indicators of the Company and monitor them, and define limits of acceptable risk and ensure that appropriate risk management and regulatory compliance procedures are in place.

AUDITORS

The Audit and Risk Committee are required to review the independent auditor's qualifications and the annual appointment of the auditor is approved at the Annual Meeting.

SHAREHOLDER RELATIONS

The Board has been elected by the company shareholders to govern the Company. The Board needs to continually monitor economic, environmental, political, social, cultural and legal issues and other external factors that may influence the development of the business or the interest of Shareholders and obtain external expert advice where they consider it necessary.

STAKEHOLDER INTERESTS

A key function of the Board is to identify the Company's internal and external stakeholders and agree policies of how the Company will relate to them; and ensure the Company communicates effectively with Shareholders and other stakeholders particularly local Iwi.



HISTORY OF RAL

1953

Ruapehu Alpine Lifts Ltd formed and purchases Licence from Walter Haensli

1954

Install Rockgarden Single Chairlift

1955

Install Staircase T-Bar; Nose Dive rope tow

1956

Install No 2 Single Chairlift (Staircase to top of Knoll Ridge)

1957

No 2 Chairlift cut in half; lower section reinstated to bottom of Knoll Ridge

1958

No 3 Chairlift —top section reinstalled

1961

Install Te Heu Heu Valley Poma

1964

Install Knoll Ridge Poma; Home Run rope tow; Hut Flat rope tow

1965

Loop Road from Salt Hut to Top O Bruce completed

1996

Mt Ruapehu ERUPTS AGAIN

1995

Mt Ruapehu ERUPTS

1994

Redevelop Lorenzo's Bar & Café

1993

Build Knoll Ridge Chalet (Stage 2) & Happy Valley Bistro

1992

Build Happy Valley Rental and Platter Lift; West Ridge Kiosk

1990

Renew Whakapapa Licence

1990

Knoll Ridge Chalet Stage 1; Happy Valley Snowmaking; Crêche

1989

Install West Ridge Quad Chairlift; Far West T-Bar; and Happy Valley Access Chairlift

1988

RAL Purchases Top O Bruce & Snow School from THC. RAL Purchases Happy Valley from Happy Ski Valley Ltd

1998

Redevelop Top O Bruce Retail & Rental

2000

RAL Purchase Turoa Ski Area

2001

Enlarge Alpine Meadows Snowmaking

2002

Upgrade Happy Valley with Double Happy Chairlift; snowmaking & terrain realignment

2003

Snowmaking on Rockgarden & Staircase trails

2005

Snowmaking into upper Waterfall slopes

2005

Redevelop Customer Service & Rental building...

2005

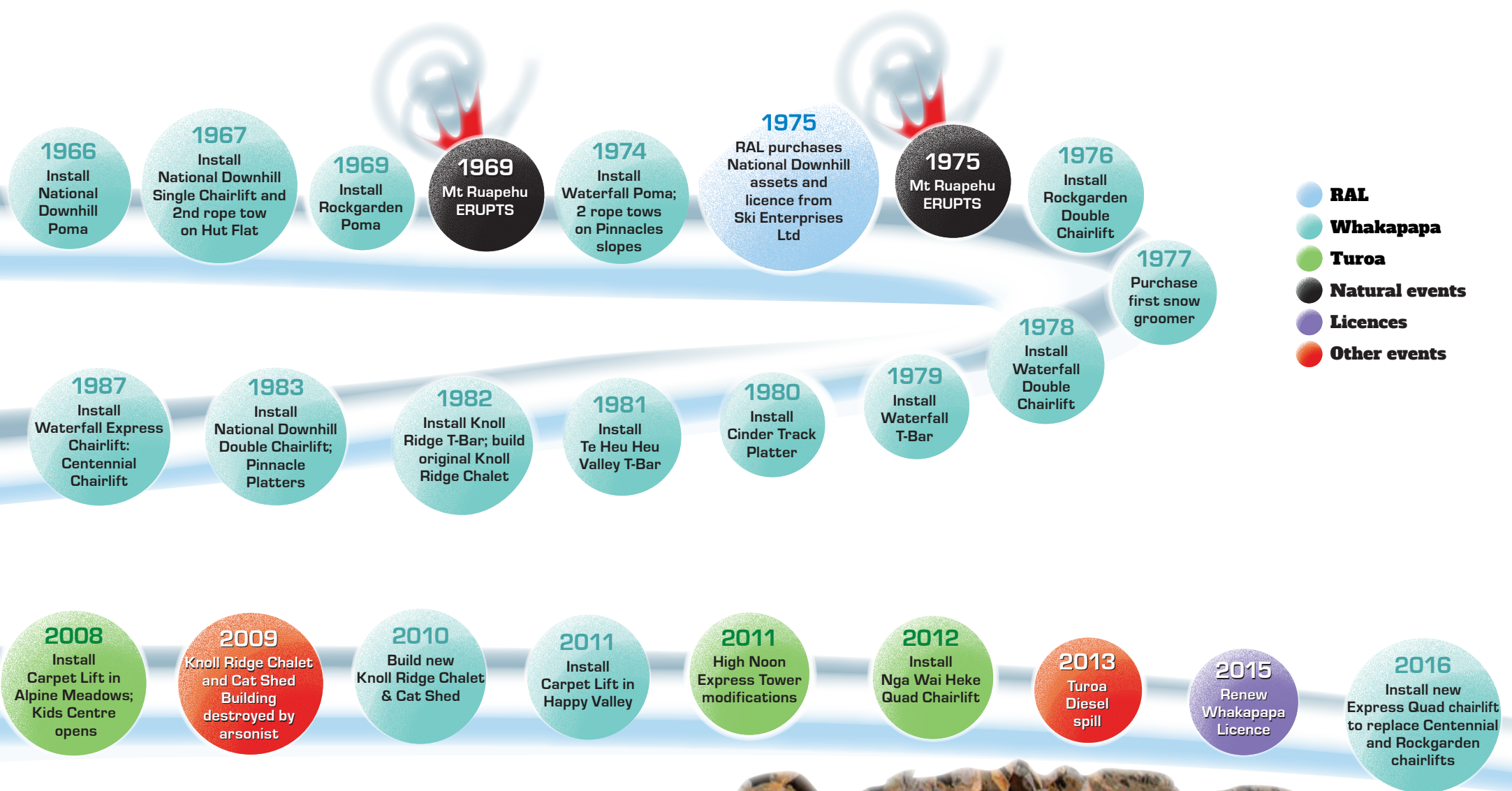
...and build Maintenance workshop and 550 new car parks

2007

Install High Noon Express 6-seat chairlift; Redevelop Alpine Café & Retail; snowmaking to Blythe Flat

2007

Mt Ruapehu ERUPTS



63RD ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

The Sixty-third Annual Meeting of Ruapehu Alpine Lifts Limited will be held at the Chateau Tongariro, Whakapapa Village, on Saturday 23rd July 2016 at 3:30pm.

ORDINARY BUSINESS

1. Presentation of the Annual Report for year ended 30th April 2016.
2. Appointment of Directors
In accordance with the Constitution the following Directors retire by rotation, and being eligible, offer themselves for reappointment:
 - a) Kevin Stanley retires by rotation, and being eligible, offers himself for reappointment.
 - b) Murray Gribben retires by rotation and, being eligible, offers himself for reappointment.
 - c) Michell Trapski was appointed a Director on 22nd February 2016 and must seek reappointment at the next Annual General Meeting.The Directors support these appointments.
3. To confirm the reappointment of Deloitte as auditor and authorise the Directors to determine their remuneration for the ensuing year.
4. To approve the revised Directors remuneration to the aggregate value of \$150,000
History of Directors Remuneration: Remuneration for directors to the aggregate value of \$70,000 was introduced in 2001 and approved by shareholders at the Annual General Meeting. Over the last 15 years the demand of the directors time has increased dramatically with changes in legislation and changes in activities of the company. Market research shows that companies of comparative turnover and size pay directors fees an aggregate in excess of this.
5. Chairman review.
6. General.

Shareholders entitled to attend and vote at the meeting are entitled to appoint a proxy, who need not be a shareholder of the Company. For the convenience of shareholders a Form of Proxy is attached.

Completed Forms of Proxy must be deposited at the Company address not less than 48 hours before the time for holding the meeting. The company address is Bruce Road, Private Bag 71902, Mt Ruapehu, 3951 (Email: companysecretary@mtruapehu.com).

J L Watling
Secretary

Dated at Mt Ruapehu, New Zealand this Monday the 27 day of June 2016

DIRECTORY

AUDITOR
Deloitte

BANKER
ANZ Bank New Zealand

SOLICITOR
Chapman Tripp

COMPANY ADDRESS
Bruce Road
Private Bag 71902
Mt Ruapehu 3951

SECRETARY
J Watling, Private Bag 71902, Mt Ruapehu 3951
Email: companysecretary@mtruapehu.com

SHARE REGISTER
Private Bag 71902, Mt Ruapehu 3951
Email: companysecretary@mtruapehu.com

REGISTERED OFFICE
10 Brandon Street
Wellington, 6011

DIRECTORS
Refer page 16

DIRECTORS' REVIEW

Your Directors have the pleasure in presenting to Shareholders the Annual Report for the year ended 30th April 2016.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was the operation of Whakapapa and Turoa Ski Areas.

RESULTS

Comprehensive Income for the year	\$535,153
Total Equity at 1st May 2015	<u>\$33,436,606</u>
Total Equity at 30th April 2016	<u>\$33,971,759</u>

DIVIDENDS

Pursuant to the Constitution the Company is precluded from paying dividends.

REMUNERATION OF EMPLOYEES – in bands of \$10,000 greater than \$100,000

No of Employees		No of Employees	
\$100,000 - \$110,000	3	\$140,000 - \$150,000	1
\$110,000 - \$120,000	1	\$180,000 - \$190,000	1
\$130,000 - \$140,000	2	\$260,000 - \$270,000	1

DIRECTORS' INTERESTS

The following transactions were entered into by Directors of the Company during the period:
Building Services were provided from a company in which K Stanley, a Director, has an interest; Professional Services were provided from a company in which G Taylor, a Director, has an interest.

The details of these transactions are in Note 11 to the Financial Statements – “Transactions with Related Parties”. In each case the full extent of any interest was disclosed to the Board and the Directors concerned took no part in the decision.

DIRECTORS' SHARE DEALINGS

Nil

REMUNERATION OF DIRECTORS

The remuneration paid to directors totaled \$64,166

Details of any other entitlements available to the Directors are detailed in Note 11 “Transactions with Related Parties”.

During the year Directors fees were paid to the following:

Murray I Gribben	\$15,000	Geoff Taylor	\$ 8,333
Duncan J Fraser	\$10,000	Michelle Trapski	\$ 2,500
Phil J Royal	\$10,000	Kerry McDonald	\$ 2,500
Kevin T Stanley	\$10,000	Catherine Savage	\$ 2,500
		TOTAL	<u>\$64,166</u>

Catherine Savage resigned in June 2015 and Kerry McDonald resigned in October 2015. Geoff Taylor was appointed in July 2015 and Michelle Trapski in February 2016.

USE OF COMPANY INFORMATION

During the period the Board received no notices from Directors of the Company, requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

ON BEHALF OF THE BOARD

Phil Royal	Director	Date:	Monday 27 June 2016
Murray Gribben	Chairman	Date:	Monday 27 June 2016



FINANCIALS

RUAPEHU ALPINE LIFTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For year ended 30th April 2016

	Note	2016 \$	2015 \$
Operating Activities			
Revenue			
Lift Pass Sales		15,825,421	15,439,691
Sale of Goods and Services		11,295,399	10,503,326
Rent		293,540	313,227
Total Revenue		<u>27,414,359</u>	<u>26,256,244</u>
Cost of Sales		1,840,202	1,650,902
Gross Profit		<u>25,574,157</u>	<u>24,605,342</u>
Expenses			
Auditor's Remuneration – Audit		30,000	28,000
Auditor's Remuneration – Other Advisory Services	13	8,250	2,650
Finance Costs		229,674	348,431
Depreciation	5	3,876,377	3,993,315
Amortisation	6	59,011	51,710
Directors' Fees	14	64,166	70,000
Bad Debts Written Off		-	-
Insurance		1,063,777	1,279,650
Electricity		1,942,243	1,779,637
Wages and Salaries		9,990,871	9,804,569
ACC		166,850	138,699
License Fees, Rates and Ski Area Levies		1,255,957	990,104
Marketing Campaigns		321,479	249,093
Lift Maintenance and Services		887,401	915,638
Grooming Maintenance and Services		350,478	379,113
Other Supplies and Services	16	4,563,631	4,330,693
Total Expenses		<u>24,810,165</u>	<u>24,361,302</u>
Surplus from Operations	17	<u>763,992</u>	<u>244,040</u>
Other Items			
Other Income			
Insurance Proceeds – Turoa Diesel Spill	10	-	-
Interest Received		30,479	10,358
Total Other Income		<u>30,479</u>	<u>10,358</u>
Other Expenses			
Turoa Diesel Spill	10	10,914	8,814
Loss on Sale of Property, Plant and Equipment		12,273	94,575
Fair Value Loss of Derivatives & Foreign Exchange Losses	9	236,131	6,884
Total Other Expenses		<u>259,318</u>	<u>110,273</u>
(Deficit) Surplus from Other items		<u>(228,839)</u>	<u>(99,915)</u>
Total Comprehensive Surplus for the Year		<u>535,153</u>	<u>144,125</u>

The accompanying notes on pages 27 to 31 form part of these financial statements on pages 24 through to 26.

RUAPEHU ALPINE LIFTS LIMITED
STATEMENT OF CHANGES IN EQUITY

For year ended 30th April 2016

	Note	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1st May 2015		138,200	33,298,406	33,436,606
Comprehensive Surplus for the Year		-	535,153	535,153
Total Recognised Income and Expenses		-	535,153	535,153
Balance at 30th April 2016	2	<u>138,200</u>	<u>33,833,559</u>	<u>33,971,759</u>
Balance at 1st May 2014		138,200	33,154,281	33,292,481
Comprehensive Surplus for the Year		-	144,125	144,125
Total Recognised Income and Expenses		-	144,125	144,125
Balance at 30th April 2015	2	<u>138,200</u>	<u>33,298,406</u>	<u>33,436,606</u>

The accompanying notes on pages 27 to 31 form part of these financial statements on pages 24 through to 26.

RUAPEHU ALPINE LIFTS LIMITED
STATEMENT OF FINANCIAL POSITION

As at 30th April 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Financial Assets			
Cash and Cash Equivalents		2,399,262	176,877
Trade and Other Receivables	3	658,198	194,372
Total Current Financial Assets		<u>3,057,460</u>	<u>371,249</u>
Inventories	4	469,642	632,729
Prepayments		181,661	200,942
Total Current Assets		<u>3,708,763</u>	<u>1,204,920</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	5	55,407,658	51,709,177
Intangible Assets	6	574,787	284,383
Total Non Current Assets		<u>55,982,445</u>	<u>51,993,560</u>
TOTAL ASSETS		<u>59,691,208</u>	<u>53,198,480</u>
CURRENT LIABILITIES			
Financial Liabilities			
Trade and Other Payables	7	12,143,706	7,366,066
Lease Liabilities	8	3,256	19,533
Borrowings	9	600,000	750,000
Fair Value of Derivatives	9	230,700	(80)
Total Current Financial Liabilities		<u>12,977,662</u>	<u>8,135,519</u>
Life Pass Deferred Revenue		875,986	837,328
Total Current Liabilities		<u>13,853,648</u>	<u>8,972,847</u>
NON CURRENT LIABILITIES			
Borrowings	9	4,196,438	2,250,000
Life Pass Deferred Revenue		7,669,363	8,535,772
Lease Liabilities	8	-	3,255
Total Non Current Liabilities		<u>11,865,801</u>	<u>10,789,027</u>
TOTAL LIABILITIES		<u>25,719,449</u>	<u>19,761,874</u>
NET ASSETS		<u>33,971,759</u>	<u>33,436,606</u>
EQUITY			
Share Capital	2	138,200	138,200
Retained Earnings		33,833,559	33,298,406
TOTAL EQUITY		<u>33,971,759</u>	<u>33,436,606</u>

For and on behalf of the Board who authorised the issue of these financial statements on:

Phil Royal, Director
Murray Gribben, Chairman

Date: 20 June 2016
Date: 20 June 2016

The accompanying notes on pages 27 to 31 form part of these financial statements on pages 24 through to 26.

RUAPEHU ALPINE LIFTS LIMITED

CASH FLOW STATEMENT

For year ended 30th April 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		20,755,126	19,231,712
Advance Season Pass Sales		5,289,453	5,367,656
Interest Received		30,479	10,358
Cash was applied to:			
Payments to Suppliers and Employees		(21,379,174)	(22,189,741)
Interest Paid		(229,674)	(348,431)
Net Cash Flows from Operating Activities		<u>4,466,210</u>	<u>2,071,554</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Property, Plant and Equipment		-	-
Cash was applied to:			
Purchase of Property, Plant and Equipment	5 & 6	(4,020,731)	(1,844,888)
Net Cash Flows from Investing Activities		<u>(4,020,731)</u>	<u>(1,844,888)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Term Facilities		2,546,438	-
Cash was applied to:			
Current Portion of Term Loans		(750,000)	(750,000)
Current Portion of Lease Liabilities		(19,532)	(40,201)
Net Cash Flows from Financing Activities		<u>1,776,906</u>	<u>(790,201)</u>
NET INCREASE (DECREASE) IN CASH		2,222,385	(563,535)
Opening Cash		176,877	740,412
Closing Cash		<u>2,399,262</u>	<u>176,877</u>
COMPOSITION OF CASH AND CASH EQUIVALENTS:			
Cash on Hand		42,260	53,406
Cash at Bank		2,357,002	123,471
Closing Cash Carried Forward		<u>2,399,262</u>	<u>176,877</u>

The accompanying notes on pages 27 to 31 form part of these financial statements on pages 24 through to 26.

RUAPEHU ALPINE LIFTS LIMITED

RECONCILIATION OF TOTAL COMPREHENSIVE SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

For year ended 30th April 2016

	2016 \$	2015 \$
Reported Net Surplus for the year	535,153	144,125
Add / (Less) Non Cash Items:		
Depreciation	3,876,377	3,993,315
Amortisation of Intangible Assets	59,011	51,710
Bad Debts	-	-
Fair Value Movement in Derivatives & Foreign Exchange Losses	236,131	6,884
Movements in Working Capital:		
Movement in Trade and Other Payables	934,678	(169,878)
Movement in Inventories	163,087	(16,987)
Movement in Trade and Other Receivables	(463,826)	(769,390)
Movement in Prepayments	19,281	(739,189)
Movement in Season Pass Revenue	(78,203)	224,198
Movement in Season Pass Deferred Revenue	-	(791,755)
Movement in Life Pass Deferred Revenue	(827,751)	43,946
Items Classified as Investing Activities		
Loss / (Gain) on Disposal of Assets	12,273	94,575
Net Cash Flow from Operating Activities	<u>4,466,210</u>	<u>2,071,554</u>

The accompanying notes on pages 27 to 31 form part of these financial statements on pages 24 through to 26.

1. SUMMARY OF KEY ACCOUNTING POLICIES

1.1 Statement of Compliance

Ruapehu Alpine Lifts Limited (the 'Company') is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Company's is a public benefit entity and all profits are reinvested in the maintenance and further development of facilities at the ski areas for the benefit of the public and to promote snow sports on Mt Ruapehu.

These financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) Standards, and comply with those standards.

These financial statements are the first financial statements presented for the Company in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

1.2 Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the valuation of certain Financial Instruments.

Cost is based on the fair value of the consideration given in exchange for the transaction.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events as reported.

These financial statements are presented in New Zealand Dollars, rounded to the nearest dollar.

1.3 Changes in Accounting Policies

There have been no changes in accounting policies throughout the year.

1.4 Prior Year Comparatives

Prior year comparatives have been reclassified, where appropriate, to facilitate comparison with the current year. There has been no material impact on the Statement of Comprehensive Income or Statement of Financial Position.

1.5 Key Sources of Judgment or Estimation

A key area of estimation is in relation to the revenue recorded for Life Passes where the revenue is transferred from Deferred Revenue based on an estimated life over the relevant 25 and 20 year period on an average estimated days of use by the pass holder.

The Directors consider it appropriate to use depreciation rates that approximate the reasonable expectation of the useful life of each asset group based on the environment the Company operates in and from historical outcomes.

1.6 Adoption of New and Revised Standards and Interpretations

a) New and Revised Standards and interpretations

All mandatory Standards, Amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

1.7 Revenue

Sale of Goods

Revenue earned by the Company from the supply of goods is measured at the fair value of consideration received. Revenue received from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Sale of Services

Revenue from the supply of season passes is recognised in full from the first day of the ski season. Revenue from life passes is recognised by reference to the stage of completion (usage) of the life pass. All other revenue, including revenue from day passes and multi-day passes, is recognised on day of use.

Interest Received

Revenue is recognised on a time proportionate basis that takes into account the effective yield on financial assets.

Operating Rent

Operating Rent is recognised in the Statement of Comprehensive Income when received for the provision of staff accommodation.

1.8 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

1.9 Taxation

The Company is exempt from income tax under section CW40 (1) of the Income Tax Act 2007.

1.10 Inventories

Inventories are valued at the lower of cost (calculated using weighted average method) and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

1.11 Property, Plant and Equipment

Items of Property, Plant and Equipment are initially recorded at cost. When an asset is acquired for no, or nominal consideration the asset will be recognised initially at fair value, where fair value can be reliably determined, with the fair value of the asset received, less costs incurred to acquire the asset, also recognised as revenue in the Statement of Comprehensive Income.

Capital works in progress are recognised as costs incurred. Capital works in progress are carried in the Property, Plant and Equipment schedule as Assets Under Construction. The total cost of this work is transferred to the relevant asset category on its completion and then depreciation commences.

Realised gains and losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

The carrying amounts of Property, Plant and Equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

Depreciation

Depreciation is provided on Property, Plant and Equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight-line basis so as to write off the cost of each asset over its useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

Buildings and fixtures	5 - 33 years	Motor Vehicles	5 - 10 years
Car Parks and Roads	33 years	Plant and Equipment	2 - 33 years
Ski Lifts	33 years		

The Company has been engaged in ongoing discussions with the Department of Conservation around the renewal of the Whakapapa and Turoa license agreements. The Whakapapa license was due to expire on the 31st December 2019, and was renewed for a 30 year term plus six 5 year rights of renewal. This new license was operational from the 1st May 2016. Discussions on the Turoa license (which is due to expire on the 31st October 2022) are still ongoing. The outcome of the Turoa discussions, and the renewal of the license agreement may give rise to a review of the rates of depreciation.

1.12 Intangible Assets

Intangible Assets are initially recorded at cost. Intangible Assets with finite lives are subsequently recorded at cost less any amortisation and any impairment losses. The estimated useful life of finite life intangibles are reviewed annually. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Software is regarded as an Intangible Asset. Typically the useful lives of Intangible Assets are as follows:

Software	5 years
Whakapapa Licence	60 years (term of the licence)

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

1.13 Leases

The Company leases certain office equipment, motor vehicles, software, land and buildings. Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

RUAPEHU ALPINE LIFTS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For year ended 30th April 2016

1.14 Financial Instruments

Financial Instruments include Financial Assets and Financial Liabilities, but excludes Season and Life Pass Deferred Revenue for which only a constructive obligation exists. Financial Instruments are initially recorded at fair value plus any transaction costs. Subsequent to initial recognition, the measurement of Financial Instruments is dependent upon the classification determined by the Company.

Cash and Equivalents

Cash and Cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

Loans and Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment.

Financial Liabilities and Financial Assets at fair value through the profit or loss

Financial Liabilities consist of foreign exchange derivative contracts held for trading, and are valued at fair value through the profit or loss.

Financial Liabilities

Financial Liabilities such as Trade Payables and Borrowings are recorded at amortised cost.

1.15 Foreign Currency

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provisions can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The carrying amount is the present value of those cash flows.

1.17 Cash Flow Statement

Cash and cash equivalents comprise cash on hand and cash in banks net of outstanding bank overdrafts. Operating activities include cash received from all income sources of the Company and cash payments for the supply of goods and services. Investing activities are activities relating to the acquisition and disposal of non-current assets. Financing activities comprises the change in equity and debt capital structure of the Company.

1.18 Borrowing Costs

All Borrowing Costs are expensed in the Statement of Comprehensive Income in the period in which they occurred.

1.19 Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual and sick leave. These provisions are expected to be settled within 12 months and have been measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

2. SHARE CAPITAL

All shares have equal voting rights attached. No share has any right to receive dividends or other pecuniary benefit, or to participate (in excess of the amount of consideration paid on issue of the share) in the distribution of any surplus assets on liquidation of the Company. Surplus assets on wind-up shall be divided among those organisations, societies or other persons nominated by shareholders under special resolution.

2015/16

Fully Paid Ordinary Shares

	A Shares	B Shares	C Shares	D Shares	Total
Balance at the beginning of the year	\$6,000	\$28,000	\$94,200	\$10,000	\$138,200
Shares issued during the year	-	-	-	-	-
Balance at the end of the year	\$6,000	\$28,000	\$94,200	\$10,000	\$138,200

Number of Shares

	6,000	1,400	4,710	10,000	22,110
Balance at the beginning of the year	6,000	1,400	4,710	10,000	22,110
Shares issued during the year	-	-	-	-	-
Balance at the end of the year	6,000	1,400	4,710	10,000	22,110

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For year ended 30th April 2016

3. TRADE AND OTHER RECEIVABLES

	2016	2015
Trade Receivables	\$146,678	\$194,372
GST Receivable	\$511,520	-
	\$658,198	\$194,372

4. INVENTORIES

	2016	2015
Retail	\$204,403	\$229,474
Food and Beverage	\$36,182	\$27,429
Fuel	\$22,047	\$12,305
Sundry	\$207,010	\$363,521
	\$469,642	\$632,729

5. PROPERTY, PLANT AND EQUIPMENT

30th April 2016

	Opening Cost	Additions	Disposals	Transfers	Closing Cost
Ski Lifts	\$24,207,876	-	\$994,427	-	\$23,213,449
Buildings and Fixtures	\$28,008,572	-	-	-	\$28,008,572
Car Parks and Roads	\$6,557,492	-	-	-	\$6,557,492
Motor Vehicles	\$8,893,402	-	-	\$56,278	\$8,949,680
Plant and Equipment	\$22,084,334	-	-	\$835,445	\$22,919,779
	\$89,751,676	-	\$994,427	\$891,723	\$89,648,972
Assets Under Development	\$70,404	\$7,610,828	-	(\$891,723)	\$6,789,509
Total Property, Plant and Equipment	\$89,822,080	\$7,610,828	\$994,427	-	\$96,438,481

30th April 2015

	Opening Cost	Additions	Disposals	Transfers	Closing Cost
Ski Lifts	\$24,207,876	-	-	-	\$24,207,876
Buildings and Fixtures	\$27,964,027	-	\$63,708	\$108,253	\$28,008,572
Car Parks and Roads	\$6,453,832	-	-	\$103,660	\$6,557,492
Motor Vehicles	\$8,878,210	-	\$394,877	\$410,069	\$8,893,402
Plant and Equipment	\$20,348,623	\$38,400	-	\$1,697,311	\$22,084,334
	\$87,852,568	\$38,400	\$458,585	\$2,319,293	\$89,751,676
Assets Under Development	\$668,132	\$1,721,565	-	\$2,319,293	\$70,404
Total Property, Plant and Equipment	\$88,520,700	\$1,759,965	\$458,585	-	89,822,080

30th April 2016

	Opening Accum Depn	Depreciation	Disposals	Closing Balance
Ski Lifts	\$11,015,675	\$644,320	\$958,457	\$10,701,538
Buildings and Fixtures	\$8,935,600	\$857,119	-	\$9,792,719
Car Parks and Roads	\$2,285,075	\$196,725	-	\$2,481,800
Motor Vehicles	\$4,438,960	\$759,807	-	\$5,198,767
Plant and Equipment	\$11,437,593	\$1,418,406	-	\$12,855,999
Total Property, Plant and Equipment	\$38,112,903	\$3,876,377	\$958,457	\$41,030,823

30th April 2015

	Opening Accum Depn	Depreciation	Disposals	Closing Balance
Ski Lifts	\$10,356,969	\$658,706	-	\$11,015,675
Buildings and Fixtures	\$8,090,830	\$858,308	\$13,538	\$8,935,600
Car Parks and Roads	\$2,088,350	\$196,725	-	\$2,285,075
Motor Vehicles	\$3,645,984	\$792,976	-	\$4,438,960
Plant and Equipment	\$10,158,304	\$1,486,600	\$207,311	\$11,437,593
Total Property, Plant and Equipment	\$34,340,437	\$3,993,315	\$220,849	\$38,112,903

Balance as at 30th April:

Net Carrying Value as at 30th April 2016:	\$55,407,658
Net Carrying Value as at 30th April 2015:	\$51,709,177

RUAPEHU ALPINE LIFTS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For year ended 30th April 2016

6. INTANGIBLE ASSETS

30th April 2016	Opening Cost	Additions	Disposals	Transfers	Closing Cost
Intangible Assets	\$681,699	-	-	\$518,842	\$1,200,541
	\$681,699	-	-	\$518,842	\$1,200,541
Assets Under Development	\$181,821	\$349,415	-	(\$518,842)	\$12,394
Total Intangible Assets	\$863,520	\$349,415	-	-	\$1,212,935

30th April 2015	Opening Cost	Additions	Disposals	Transfers	Closing Cost
Intangible Assets	\$635,436	\$46,263	-	-	\$681,699
	\$635,436	\$46,263	-	-	\$681,699
Assets Under Development	-	\$181,821	-	-	\$181,821
Total Intangible Assets	\$635,436	\$228,084	-	-	\$863,520

30th April 2016	Opening Accum Amort	Amortisation	Disposals	Transfers	Closing Balance
Intangible Assets	\$579,137	\$59,011	-	-	\$638,148
	\$579,137	\$59,011	-	-	\$638,148

30th April 2015	Opening Accum Amort	Amortisation	Disposals	Transfers	Closing Balance
Balance	\$527,427	\$51,710	-	-	\$579,137
Intangible Assets	\$527,427	\$51,710	-	-	\$579,137

Balance as at 30th April:

Net Carrying Value as at 30th April 2015:	\$574,787
Net Carrying Value as at 30th April 2015:	\$284,383

7. TRADE AND OTHER PAYABLES

	2016	2015
Trade Creditors	\$5,539,103	\$584,397
Short Term Employee Entitlements	\$436,254	\$317,226
GST payable	-	\$368,012
Deferred Revenue Season Passes	\$5,289,453	\$5,367,656
Other Accruals and Sundry Creditors	\$878,896	\$728,775
	\$12,143,706	\$7,366,066

The Deferred Revenue relates to Season Pass sales during October 2015 and April 2016 for the 2016 winter season. These passes cannot be utilised until the opening of the ski season. This revenue is therefore recognised at the start of the season.

The company had no letters of credit at 30th April 2016 (2015: \$47,216).

8. OTHER FINANCIAL LIABILITIES

	2016	2015
Finance Lease Liability	\$3,256	\$22,788
Less Current Portion	\$3,256	\$19,533
Total Long Term Lease Liabilities	-	\$3,255
Finance Lease Liability		
Within 1 Year	\$3,256	\$19,533
Between 1 - 2 Years	-	\$3,255
Between 2 - 3 Years	-	-
	\$3,256	\$22,788

Interest charges on finance leases and lease liabilities were \$nil (2015: \$3,248) and are included in Finance Costs on the Statement of Comprehensive Income. Security over these assets exists until repayment in full.

RUAPEHU ALPINE LIFTS LIMITED
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9. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Company has exposure to Interest Rate Risk to the extent that it borrows for a fixed term at fixed rates and has an overdraft facility with interest rates that vary quarterly. The Company manages its Interest Rate Risk by securing short and medium term fixed interest rates. The effective interest rates on the term borrowing are 4.94% (2015: 4.94 %).

Credit Risk

Credit Risk is the risk of failure of a debtor or counterparty to honor its contractual obligation. Financial instruments that potentially subject the Company to Credit Risk principally consist of cash, and accounts receivable. The Company has established credit policies that are used to manage the exposure to Credit Risk. The maximum exposures to Credit Risk are considered the carrying value of these financial assets. No collateral is held in relation to any financial asset. The Company is not exposed to any concentrations of Credit Risk. The Material Damage Policy is placed with one insurer with the following rating in accordance with the Insurance Companies (Rating and Inspections) Act 1994: Lloyds of London A+.

Currency Risk

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, as well as foreign exchange forward contracts, arising from normal trading activities. Where exposures are uncertain it is the Company's policy to hedge these risks, for a maximum period of 12 months forward. At balance date the contracted amount of forward exchange contracts outstanding was NZD \$4,185,715 (2015: \$4,381).

The following table details the forward foreign currency exchange (FC) contract as at 30th April 2016.

	Average Exchange Rate	Foreign Currency 2016	Contract Value 2016 NZ	Fair Value NZ
Forward Exchange Contracts				
Buy USD				
Less than 3 months	\$0.66	USD \$2,309,611	\$3,527,849	\$202,851
Buy EUR				
Greater than 3 months	\$0.61	EUR €381,891	\$657,866	\$27,849
			\$4,185,715	\$230,700

The net movements in the Fair Value of Derivatives and Foreign Exchange Losses were \$236,131 (2015: \$6,884) and are included in Other Expenses on the Statement of Comprehensive Income.

Liquidity Risk

Liquidity Risk arises from a mismatch in the final maturity of Statement of Financial Position Assets and Liabilities. Guidelines have been set to ensure that all obligations of the Company are met in a timely and cost effective manner. The Company also has an overdraft facility of \$50,000 (2015: \$50,000) available and a flexible facility of \$5,000,000 (2015: \$5,200,000) with the banker to assist the Company in meeting its obligations. The maturity analysis of the Company is as follows:

As at balance date the net cash position was \$2,399,262 (2015: \$176,877), the additional \$50,000 overdraft facility is not being utilised.

2016

Financial Assets	< 1 Year	1 - 5 Years	5 + Years	Total
Cash and Cash Equivalents	\$2,399,262	-	-	\$2,399,262
Trade and Other Receivables	\$658,198	-	-	\$658,198
Total Assets	\$3,057,460	-	-	\$3,057,460

Financial Liabilities

Accounts Payable	\$6,854,253	-	-	\$6,854,253
Lease Liability	\$3,256	-	-	\$3,256
Current Portion of Term Borrowings	\$600,000	-	-	\$600,000
Fair Value of Derivatives	\$230,700	-	-	\$230,700
Term Borrowings	-	\$4,196,438	-	\$4,196,438
Total Liabilities	\$7,688,209	\$4,196,438	-	\$11,884,647

RUAPEHU ALPINE LIFTS LIMITED
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2015

Financial Assets	< 1 Year	1 – 5 Years	5 + Years	Total
Cash and Cash Equivalents	\$176,877	-	-	\$176,877
Trade and Other Receivables	\$194,372	-	-	\$194,372
Fair Value of Derivatives	\$6,964	-	-	\$6,964
Total Assets	\$378,213	-	-	\$378,213

Financial Liabilities				
Accounts Payable	\$1,998,410	-	-	\$1,998,410
Lease Liability	\$19,533	\$3,255	-	\$22,788
Current Portion of Term Borrowings	\$750,000	-	-	\$750,000
Term Borrowings	-	\$2,250,000	-	\$2,250,000
Total Liabilities	\$2,767,943	\$2,253,255	-	\$5,021,198

Categories of Financial Instruments

The Company's Financial Instruments are classified into the following categories:

2016

Financial Assets	Cash and Equivalents	Fair Value Through P or L	Loans and Receivables	Financial Liabilities at Amortised Cost	Total
Cash at Bank	\$2,399,262	-	-	-	\$2,399,262
Trade and Other Receivables	-	-	\$658,198	-	\$658,198
Total Assets	\$2,399,262	-	\$658,198	-	\$3,057,460

Financial Liabilities					
Accounts Payable	-	-	-	\$6,854,253	\$6,854,253
Lease Liability	-	-	-	\$3,256	\$3,256
Fair Value of Derivatives	-	\$230,700	-	-	\$230,700
Borrowings	-	-	-	\$4,796,438	\$4,796,438
Total Liabilities	-	\$230,700	-	\$11,653,947	\$11,884,647

2015

Financial Assets	Cash and Equivalents	Fair Value Through P or L	Loans and Receivables	Financial Liabilities at Amortised Cost	Total
Cash at Bank	\$176,877	-	-	-	\$176,877
Trade and Other Receivables	-	-	\$194,372	-	\$194,372
Fair Value Movement in Derivatives	-	\$6,964	-	-	\$6,964
Total Assets	\$176,877	\$6,964	\$194,372	-	\$378,213

Financial Liabilities					
Accounts Payable	-	-	-	\$1,998,410	\$1,998,410
Lease Liability	-	-	-	\$22,788	\$22,788
Borrowings	-	-	-	\$3,000,000	\$3,000,000
Total Liabilities	-	-	-	\$5,021,19	\$5,021,198

Fair Value Measurements Recognised in the Statement of Financial Position

Financial instruments subsequent to initial recognition are grouped into Levels 1 to 3 based on degrees to which the fair value is observable:

- Level 1
Fair Value Measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2
Fair Value Measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3
Fair Value Measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has derivatives in place at balance date and these are valued at Level 2 on the hierarchy.

RUAPEHU ALPINE LIFTS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For year ended 30th April 2016

Security

ANZ Bank New Zealand Limited has a security agreement over all present and after acquired property of the Company.

Borrowings

During 2016 the Company was not subject to an event review under the terms of its loan agreement with the ANZ Bank New Zealand Limited.

Sensitivity Analysis

The Company is exposed to market risks such as Interest Rate Risk and Foreign Exchange Risk during the course of the Company's normal trading activities. No sensitivity analysis has been performed for the Company's exposure to Interest Rate Risk given the majority of the Company's exposure to Interest Rate Risk is on the Term Borrowings that are on fixed interest rates.

The below sensitivity analysis has been performed for the Foreign Exchange Risk on the derivatives open as at the 30 April 2016 (2015 the value of the derivatives amounted to an asset of \$80 and therefore a sensitivity analysis was not performed). Carrying value approximates fair value for all financial assets and liabilities. The following table details the Company's sensitivity to a 100 basis point increase and decrease in the USD and EUR Exchange rates:

	USD	EUR
Total Comprehensive Surplus for the Year + 100 basis points	(\$3,398)	(\$10,049)
Total Comprehensive Surplus for the Year - 100 basis points	\$3,497	\$10,383
Total Equity for the Year + 100 basis points	(\$3,398)	(\$10,049)
Total Equity for the Year - 100 basis points	\$3,497	\$10,383

10. TUROA DIESEL SPILL

In September 2013 a diesel tank at Turoa spilled 19,000 litres into the Makotuku Stream contaminating the Raetihi town water supply. In 2014 the projected insurance proceeds and costs were disclosed in the Statement of Comprehensive Income based upon the best estimate of the agreed claims quantified.

Since the date of the spill the Company has incurred a total of \$572,469 costs (including \$300,794 of fines) of which \$450,926 has been covered by insurance. A further \$10,914 was incurred in 2016 (2015: \$8,814) that was not covered through insurance proceeds.

11. TRANSACTIONS WITH RELATED PARTIES

During the year the Company received services from and sold to companies in which Directors and Management have an interest:

Kevin Stanley:	Building services have previously been received and sales made to Stanley Construction a company in which Kevin Stanley, a Director, is the Managing Director and a shareholder. Services to the value of \$46,131 were received from this company during the financial year (2015: \$11,694). Of this amount none was outstanding at year end.
Geoff Taylor:	Professional Services have previously been received from TDB Advisory Limited, a company in which Geoff Taylor, a Director, is a director and a shareholder. Services to the value of \$7,927 were received from this company during the financial year (2014: \$nil).
Chris Thrupp:	Land and Buildings were leased from a company in which Chris Thrupp, General Manager Operations, is the Director and a shareholder. The lease is for a term of 6 years commencing October 2009 with the right of renewal of a further two, six year periods, expiring in 2027. During the financial year ended 30th April 2015, Red Sand was paid \$54,437. (2015: \$54,563). Of this amount none was outstanding at year end.
Andy Hoyle:	Tower pads to the value of \$15,320 (2015: \$22,384) were purchased from Arc Solutions Ltd a company in which Andy Hoyle is a director and a shareholder.
Dave Mazey:	Rental and Retail purchases to the value of \$187,501 (2015: \$171,731) were purchased from a company of which the son of Dave Mazey, Chief Executive Officer, is an employee and shareholder. Of this amount \$4,424 was outstanding at year end.

These transactions were performed on normal commercial terms. No related party debts were written off or forgiven during the year. The Directors are entitled to receive complimentary use of ski lifts and discounts in the retail, rental and cafeteria outlets.

RUAPEHU ALPINE LIFTS LIMITED
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For year ended 30th April 2016

12. COMMITMENTS

	2016	2015
Capital Commitments		
Estimated capital expenditure contracted for at balance date but not provided for, was for the purchase of the new lifts, Axess gates, groomers, and snowmaking machines.	\$2,316,920	\$47,216

Operating Lease Commitments

Lease commitments under non-cancellable operating leases:

Not later than one year	\$249,748	\$265,590
Later than one year and not later than five years	\$960,000	\$1,220,000
Later than five years and not later than ten years	\$20,000	\$260,000

These operating leases are for staff accommodation, workshop facilities, and a sales and information office. Total Expenditure for 2016 amounted to \$313,408 (2015: \$309,108)

13. AUDIT REMUNERATION – Other Advisory Services

Other Advisory Services provided by Deloitte for the 2016 year are for fees in relation to Share Register work undertaken by Dan Williams (prior to his retirement from company secretary). In addition to this the Financial Advisory team at Deloitte reviewed RAL's reporting requirements under the new PBE standards, and performed a relationship analysis on payments between staff and suppliers.

14. DIRECTORS FEES

Directors

During the year Directors' fees were paid to the following:

Murray I Gribben	\$15,000	Catherine Savage	\$2,500
Duncan J Fraser	\$10,000	Kerry McDonald	\$5,833
Phil J Royal	\$10,000	Geoff Taylor	\$8,333
Kevin T Stanley	\$10,000	Michelle Trapski	\$2,500
		TOTAL	\$64,166

Over the two years 2016 and 2015 rate of fees paid to Directors remained unchanged. Catherine Savage resigned in June 2015, and Kerry McDonald resigned in October 2015. Geoff Taylor was appointed in July 2015 and Michelle Trapski was appointed in February 2016.

15. KEY MANAGEMENT PERSONNEL

Key management personnel of the Company include the Directors and Senior Leadership team.

	2016	2015
Board Members		
Remuneration	\$64,166	\$70,000
Full-Time Equivalent members	5.6	6.0
Leadership Team		
Remuneration	\$988,822	\$855,734
Full-Time Equivalent members	5.8	5.0
Total key Management personnel remuneration	\$1,052,988	\$925,734
Total Full Time equivalent personnel	11.4	11.0

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel. Related party disclosures have been included in Note 11 to the financial statements.

The Company provided employee compensation at arm's length terms to close family members of key management personnel during the year in the form of wages and salaries to the value of \$35,199 (2015: \$10,878). The Company did not provide any loans to key management personnel or their close family members.

RUAPEHU ALPINE LIFTS LIMITED
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For year ended 30th April 2016

16. OTHER SUPPLIES AND SERVICES

The Company's Other Supplies and Services are classified into the following categories based on key functions:

	2016	2015
Accommodation Leases Supplies & services	\$366,419	\$421,104
Bank Fees	\$28,846	\$63,408
Board Meeting Expenses	\$43,694	\$34,754
Cadetship	(\$6,998)	\$75,897
Consumable & Cleaning Supplies	\$229,700	\$207,973
Corporate Supplies & Services	\$240,483	\$363,440
Credit Card Commission Paid	\$218,202	\$178,879
Fringe Benefit Tax	\$25,124	\$25,516
Field Operations supplies and services	\$99,338	\$34,435
Food and beverage supplies and services	\$67,424	\$53,074
Fuel & Vehicle Expenditure	\$777,205	\$810,245
Kiwisaver	\$188,942	\$187,205
Maintenance & Service of Buildings & Equipment	\$420,086	\$312,076
Medical Centre Supplies & Services	\$62,698	\$60,878
Postage, Courier, Printing & Stationary	\$37,767	\$49,476
Professional Fees	\$36,597	\$38,601
Rentals Supplies & Services	\$42,673	\$27,018
Retail Supplies & Services	\$12,498	\$3,569
Road & Carpark Maintenance	\$108,308	\$88,361
Safety & Environmental Risk Expenditure	\$59,563	-
Ski Patrol Supplies & Services	\$111,385	\$68,370
Snow Sports Supplies & Services	\$54,768	\$19,213
Snowmaking Supplies & Services	\$265,027	\$249,011
Software Fees & IT Supplies & Services	\$344,679	\$262,751
Staff Training Expenditure	\$103,480	\$72,267
Staff Uniform	\$310,657	\$329,876
Summer Operation Supplies & Services	\$27,585	\$32,509
Telephone Rental	\$66,363	\$69,085
Ticket Stock Consumed	\$143,983	\$154,878
Travel & Entertainment	\$77,138	\$36,825
Total	\$4,563,631	\$4,330,695

17. RECONCILIATION OF SURPLUS FROM OPERATIONS TO EBITDA

	2016	2015
Surplus from Operations	\$763,992	\$244,040
Add back:		
Finance Costs	\$229,674	\$348,431
Depreciation	\$3,876,377	\$3,993,315
Amortisation	\$59,011	\$51,710
EBITDA	\$4,929,054	\$4,637,496

18. SUBSEQUENT EVENTS

In 2016 there were no significant subsequent events that have a material impact on these financial statements.

Report on the Financial Statements

We have audited the accompanying financial statements of Ruapehu Alpine Lifts Limited on pages 24 to 31, which comprise the statement of financial position as at 30 April 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. This report is made solely to the company's shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors are responsible on behalf of the company for the preparation and fair presentation of these financial statements, in accordance with Public Benefit Entity Standards, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Other than in our capacity as auditor and the provision of secretarial services, we have no relationship with or interests in Ruapehu Alpine Lifts Limited, except that partners and employees of our firm deal with Ruapehu Alpine Lifts Limited on normal terms within the ordinary course of trading activities of the business of Ruapehu Alpine Lifts Limited. These services and trading activities have not impaired our independence as auditor of Ruapehu Alpine Lifts Limited.

Opinion

In our opinion, the financial statements on pages 24 to 31 present fairly, in all material respects, the financial position of Ruapehu Alpine Lifts Limited as at 30 April 2016, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.



Chartered Accountants

20 June 2016
Wellington, New Zealand

This audit report relates to the financial statements of Ruapehu Alpine Lifts Limited for the year ended 30 April 2016 included on Ruapehu Alpine Lifts Limited's website. The Board of Directors is responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 20 June 2016 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SHAREHOLDING INFORMATION

SHAREHOLDERS AND SHAREHOLDING

Number of Shares	Number of Shareholders
5 or Less	3,702
Between 6 & 10	251
Between 11 & 100	158
101 and over	1

In addition, the Ruapehu Alpine Lifts Limited Trust also holds 10,000 "D" shares. There are 4,117 shareholders on the register, with no known address for 2,172 (53%) of these shareholders. There is a continuing process to contact these people, or their relatives, etc, which produces steady results.

Shares do frequently become available for purchase, normally from the estate of deceased shareholders. Purchase price is the face value of the shares – i.e. \$1 for "A" shares, \$20 for "B" and "C" shares. The Company Secretary facilitates sale and purchase of shares. Contact the Secretary at Private Bag 71902, Mt Ruapehu, 3951 (Email: companysecretary@mtruapehu.com) if there is interest in purchase of available shares.

Since the 26th September 1998 the Company Constitution precludes any shareholder holding, in aggregate, more than 100 shares, notwithstanding that the aggregate holding may be more than one class of shares.

RUAPEHU ALPINE LIFTS LIMITED TRUST

The Trust was created in 1983 to protect the interests of the company and its shareholders, and to preserve the Company's integrity for future generations. The original Trustees who invested in the company were issued 10,000 "D" shares, which represent 45% of shares on issue. The Trust shareholding, and its stated aim of "preserving RAL in its current form", is intended to prevent any individual, group of individuals or organisation being able to action a hostile takeover of the Company.

The original Trustees were Sir Bryan Todd, Sir Roy McKenzie and Peter Scott. Sir John Ingram was appointed as a Trustee in 1984.

Trustees during the reporting year are Roger Manthel, Tomas Huppert and John Parker.



